



Reserves Policy

Approved by:	?
Date of Approval:	?
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Date of next review:	?
Language:	English – No translation
Contact:	Finance and Operations Manager

Purpose of the reserve policy:

The SCI reserve policy is in place to:

- Clearly define the categories of funds available to SCI
- Set the purpose of the reserve held
- Set the level of reserve held
- Show that the reserve held reflect the funding and expenditure profile of SCI
- Set guidelines for when the reserve can be used

Categories of funds:

Restricted funds: Funds that are given for a specific purpose, like grants received from bilateral donors (DFID, USAID etc.)

Designated funds: Funds that are unrestricted raised from general donations and public funds but which SCI (through its annual planning and budgeting meeting) will allocate to cover specific costs. These designated funds are split into four categories:

- 1- To cover programme implementation activity costs,
- 2- To start a new programme/country,
- 3- To match/co-fund restricted funds when co-funding is a contractual obligation and no other restricted funds could be raised,
- 4- For fundraising costs.

Reserve funds: Reserve funds are built from the designated funds to help SCI to continue to operate and deliver its services without any interruption even if it didn't have any income.

Why build a reserve?

The reserve will be used to cover the costs of SCI to continue implementing programs for 3 months if no income is received.

To pay for closing down costs (severance, disposal of assets, communications, legal costs, audit costs etc.)

To pay for any liability

Level of reserve?

SCI will start building its reserve from 1 April 2016. The closing balance of unrestricted income at 31 March 2016 will not be designated 100%. GBP 436,000* will be allocated to the reserve. This might have an implication on the programme activities in 2016/2017 if income levels stay the same or decreased.

SCI will continue to hold the equivalent of one month reserve for up to 3 years. In September 2018 SCI will revise its reserve policy based on its funding/expenditure profile.

*The figure is the average monthly expense of FY2014/2015

When can the reserve be used?

- For cash-flow to cover expenses that are not covered by a donor and when designated funds are unavailable. For the continuation of activities for up to 3 months in a country where SCI is continuing to fundraise to secure further funding before a decision to discontinue SCI activities in that country is made if further funding is not secured. .
- For paying for liabilities resulting from closing down the activities of SCI

Accounting procedures for the reserve:

- The reserve will not appear on the balance sheet of Imperial College.
- When unrestricted income is received it is recorded to account WPIA L24009.
- When budget is agreed by the senior management team of SCI it will be reserved in an NX account, for example, NX0067-Donations-Burundi.
- The reserve will be booked in a new L account.
- The unspent balance in L24009 and NX accounts will be calculated quarterly.